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SUBJECT: FINNISH PRESIDENT HALONEN'S TRAVELS TO RUSSIA, GEORGIA, ARMENIA AND AZERBAIJAN

REF: A. MOSCOW 12264

1B. HELSINKI 873

Classified By: PolChief Gregory Thome, Reasons 1.5 (b) and (d).

11. (C) SUMMARY: In late Sept. and early Oct., President Halonen has made official visits to Russia and to Georgia, Armenia and Azerbaijan. In Russia, the GOF sees bilateral progress on environmental issues and border security, in part thanks to the good relations between the two presidents. However, Putin complained rather bitterly to Halonen that while he wants to focus on his domestic economic agenda, he's constantly distracted by "neighborhood" problems like unrest in the Caucasus and boundary disputes with the Baltics. In the GOF's view, those issues remain problematic because the GOR has not initiated longterm policies aimed at resolving them. In the Caucasus, Halonen's agenda included discussions of Armenia's relationship with Turkey and with the EU; Georgia's improving relationship with Ukraine and its tensions with Russia; and free and fair elections in Azerbaijan. End Summary.

12. (SBU) On Oct. 5, Presidential Chief of Staff Jarmo Viinanen and Special Advisor Paivi Kairamo-Hella briefed DCM and PolChief on Finnish President Tarja Halonen's official visits to St. Petersburg on September 22 and to Georgia, Armenia, and Azerbaijan Sept. 27-29.

Finland/Russia: Increasing Environment and Border Cooperation

13. (C) In Russia, Halonen's meetings with President Vladimir Putin represented another in a series of what Viinanen characterized as productive and increasingly cordial meetings aimed at furthering cooperative initiatives, rather than at addressing areas of controversy. The two presidents inaugurated a wastewater treatment facility as part of a joint Swedish-Finnish-Russian effort to improve water quality in the Baltic Sea. The plant -- plans for which date back to Soviet times -- will treat the wastewater of 750,000 St. Petersburg residents that previously flowed into the Baltic untreated. Finland has made substantial progress in focusing GOR attention on environmental issues and, in Viinanen's view, "once Putin became seized with the issue, things started to happen." The health of the Baltic Sea remains a crucial regional issue, although one that has become less contentious over time as a bilateral irritant between Finland and Russia. For example, Viinanen noted, Putin no longer accuses the Finns of seeking to "hamper Russia's economic development" when they raise environmental concerns. However, he added, the GOF remains very concerned about potential oil spills, particularly since Russia has made clear that its use of the Baltic as a major export route for crude will remain non-negotiable.

14. (C) On border security, the GOF also continues to make progress in theory -- if not in practice. According to Viinanen, Putin told Halonen that Russia remains committed to full cooperation and wants to see all border-crossing stations fully functional. Unfortunately, the opening of the newest, best-equipped facility remains thwarted because Russia has failed to improve the road to it. Viinanen said he expects Russia to find the funds, not only because of Putin's intense interest in improving both security and commerce, but also because high oil prices contribute to the GOR's ability to find the necessary funding.

Russia and Its Neighbors: Putin Complains

15. (C) Turning from bilateral issues to Russia's neighbors, Viinanen lamented that Putin appears unable or unwilling to develop strategies to resolve disputes with the Baltics and elsewhere. Putin expressed to Halonen bitter frustration over his perception that he is continually being distracted from his efforts to expand the domestic economy and improve Russians' standard of living by boundary disputes and unrest on Russia's borders, Viinanen said. A border treaty with Estonia remains unsigned and, as he has in the past (Ref B), Putin put all the blame for this on the Estonian legislature. Likewise, Viinanen said Putin does not view the roles Russia has played in the disputed areas of Georgia as destabilizing or counterproductive, and seemed unwilling to abandon practices such as issuing passports to people in those areas. (Comment: We recognize here that Viinanen's views do not track exactly with information reported in Reftel A. End

Comment.)

16. (C) Viinanen's general assessment was that Russia is in large part responsible for many of its "neighborhood problems," mainly because it has not developed a coherent strategy for resolving them. Each issue, regardless of the region, requires a long term political process that must be driven by Putin in order to be resolved, Viinanen opined; unless Putin is willing to put such processes in place, he will continue to find himself distracted from his domestic agenda. If there was a bright spot, Viinanen did report that Putin remains extremely encouraged about his rapidly improving relationship with Latvia's President Vike-Frieburga. In response to our question, Viinanen also said that Putin did not raise with Halonen the issue of Russian minorities in the Baltics.

Finland and Armenia, Georgia and Azerbaijan

17. (SBU) On the heels of her St. Petersburg trip, Halonen made her first official visit to the Caucasus. This trip comes as the EU looks to establish a policy of engagement with the "new neighborhood," and as the GOF begins to explore its own options within that wider framework. Finland took a particularly active role in working with the Baltic countries prior to their EU accession, although Viinanen cautioned that now is far too early to envision such robust Nordic cooperation in the Caucasus. Georgia, Armenia and Azerbaijan are "too far away" and far too different from one another for the GOF to say what its or the EU's specific role in those countries will be at this point.

18. (C) While in Armenia, Halonen suggested the country's leadership look forward, rather than backward, regarding its relationship with Turkey. Continued hostility toward Turkey will ultimately prove counterproductive to Armenia's interests, especially as concerns its relationship with the EU. According to Viinanen, President Kocharian acknowledged this, but noted that a radicalized Armenian diaspora continues to pressure the GOA regarding Turkey. In Azerbaijan, Finnish press reports reported that Halonen openly called on the government to ensure free and fair elections. To us, Viinanen suggested that both the government and the opposition have "taken a lesson from Ukraine" which may not necessarily be positive: the GOAJ recognizes that widespread allegations of fraud could prompt an uprising such as occurred in Ukraine, he said; unfortunately, the opposition also recognizes this, and President Aliyev expressed concerns to Halonen that it might seek to make false claims of fraud in order to prompt a popular movement.

19. (C) On Georgia, Viinanen lauded the GOG's ties with Ukraine and expressed the hope that reform efforts in both countries would prove mutually reinforcing. President Saakasvili complained angrily to Halonen about Russian meddling in Abkhazia and South Ossetia, alleging that Moscow is intent on annexing the territories. However, Viinanen noted that Saakasvili expressed willingness to entertain ideas of limited autonomy or other flexible measures to resolve the problems.

Comment

10. (C) While Halonen's (and Viinanen's) impressions of Georgia, Azerbaijan and Armenia are those of relative newcomers to the region, we are encouraged by the GOF's efforts to establish dialogue. As Viinanen noted, it is far too early to expect a Baltic-like Finnish engagement in the region, but as the EU develops its policy toward the neighborhood, any leadership role the Finns might wish to play would be welcome. As for Russia, we note that the themes addressed differ little from those Putin and Halonen discussed during his late July visit here (Ref B). Nevertheless, while some have criticized Halonen for eschewing controversial bilateral issues, her efforts to move forward in mutually beneficial areas have built confidence on a bilateral and personal level. End Comment.

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